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Medicare Physician Fee Schedule Final Rule Summary: CY 2026

Related CR Release Date: December 5, 2025	**MLN Matters Number:** MM14315
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Implementation Date: January 5, 2026	**Related CR Transmittal Number:** R13507CP
Related CR Title: Summary of Policies in the Calendar Year (CY) 2026 Medicare Physician Fee Schedule (MPFS) Final Rule, Telehealth Originating Site Facility Fee Payment Amount and Telehealth Services List, Computed Tomograph (CT) Modifier Reduction List, and Preventive Services List	

Affected Providers

- Physicians
- Hospitals
- Suppliers
- Other providers billing Medicare Administrative Contractors (MACs) for Medicare services paid under the Physician Fee Schedule (PFS)

Action Needed

Make sure your billing staff knows about the updated payment rates under the PFS and other payment policies, including:

- Telehealth, therapy, behavioral health, and advanced primary care management (APCM) services
- Evaluation and management (E/M) visits
- Practice expense (PE) and skin substitutes

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Background

CMS issued a final rule that updates payment policies and Medicare payment rates for services provided by physicians and non-physician practitioners (NPPs) that are paid under the PFS in CY 2026. These changes apply to services you provide in 2026.

Key Updates

Telehealth Services

For CY 2026, we're finalizing our proposal to add several services to the Medicare Telehealth Services List, including:

- Multiple-family group psychotherapy
- Group behavioral counseling for obesity
- Infectious disease add-on code
- Auditory osseointegrated sound processor services

For CY 2026, we're finalizing to:

- Streamline the process for adding services to the Medicare telehealth services list. We're removing the distinction between provisional and permanent services and limiting our review on whether the service can be furnished using an interactive, 2-way audio-video telecommunications system.
- Permanently remove frequency limitations for subsequent inpatient visits, subsequent nursing facility visits, and critical care consultations.
- Permanently adopt a definition of direct supervision that allows the physician or supervising practitioner to provide such supervision through real-time audio and visual interactive telecommunications (excluding audio-only) for services we require to be performed under the direct supervision of a physician or other supervising practitioner.

Except for services that have a global surgery indicator of 010 or 090, we're also finalizing that a physician or other supervising practitioner may provide virtual direct supervision for applicable incident to services under:

- 42 CFR 410.32: diagnostic tests
- 42 CFR 410.47: pulmonary rehabilitation services
- 42 CFR 410.49: cardiac rehabilitation and intensive cardiac rehabilitation services

We aren't extending our current policy to allow teaching physicians to have a virtual presence for billing for services furnished involving residents in all teaching settings. We're finalizing this policy on a permanent basis only for clinical instances when the service is virtually furnished (a 3-way telehealth visit with the patient, resident, and teaching physician in separate locations).

Telehealth Origination Site Facility Fee Payment Update

The Medicare Economic Index (MEI) increase for 2026 is 2.7%. For CY 2026, the payment amount for HCPCS code Q3014 (Telehealth originating site facility fee) is 80% of the lesser of the actual charge, or $31.85. The patient is responsible for any unmet deductible amount and Medicare coinsurance.

Therapy Services

KX Modifier Thresholds

The KX modifier threshold amounts for CY 2026 are:

- $2,480 for occupational therapy services
- $2,480 for physical therapy and speech-language pathology services combined

E/M Visits

Complexity Add-On HCPCS Code G2211

In 2024, we started paying separately for HCPCS code G2211 as an add-on code with the office and outpatient E/M visits code family (CPT codes 99202–99205 and 99211–99215).

For CY 2026, we're finalizing payment for G2211 as an add-on code with the home or residence E/M visits code family (CPT codes 99341, 99342, 99344, 99345, 99347, 99348, 99349, and 99350). This ensures we achieve our E/M visit complexity add-on policy, which aims to pay for previously unaccounted resources inherent in the complexity of all longitudinal primary care visits.

The visit complexity add-on code recognizes the inherent costs of building trust in the practitioner-patient relationship. We believe that building trust in the longitudinal practitioner-patient relationship may be particularly significant in the context of home and residence E/M visits.

Behavioral Health Services

For CY 2026, we're expanding our payment policies for HCPCS codes G0552, G0553, and G0554 to also pay for digital mental health treatment (DMHT) devices cleared under section 510(k) of the Federal Food, Drug, and Cosmetic Act or granted de novo authorization by FDA and classified under 21 CFR 882.5803, digital therapy device for Attention Deficit Hyperactivity Disorder (ADHD), furnished incident to professional behavioral health services used as an adjunct to clinician supervised ongoing behavioral health care treatment under a behavioral health treatment plan of care.

The 21 CFR 882.5803 classification is for software intended to provide therapy for ADHD or any of its individual symptoms as an adjunct to clinician-supervised treatment. HCPCS codes G0552, G0553, and G0554 describe these services. HCPCS code G0552 (Supply of digital mental health treatment device and initial education and onboarding, per course of treatment that augments a behavioral therapy plan) continues to be assigned contractor-pricing. HCPCS code G0553 and G0554 continue to be assigned national pricing. All HCPCS code G0552 billing requirements applicable to devices classified at 21 CFR 882.5801 will apply to devices classified at 21 CFR 882.5803:

- The billing practitioner is incurring the cost of furnishing the DMHT device to the patient as a supply
- Providing the DMHT device is incident to the billing practitioner's professional services in association with ongoing behavioral health treatment under their plan of care
- We'll only pay for DHMT devices for mental health treatment according to the use indicated under their FDA classification

G0136: We're finalizing a new code descriptor for HCPCS G0136 focusing on the essential patient behaviors of physical activity and nutrition with an aim to reduce chronic disease and improve health.

APCM

For CY 2026, we're finalizing optional add-on codes for APCM services that would provide complementary behavioral health integration (BHI) or Psychiatric Collaborative Care Model (CoCM) services.

The 3 new HCPCS codes (G0568, G0569, and G0570) are:

- To be billed as add-on services when the APCM base code is reported by the same practitioner in the same month
- Meant to be directly comparable to existing CoCM and general BHI codes

Efficiency Adjustment

For CY 2026, we're finalizing our proposal to use the MEI productivity adjustment percentage, which is calculated each year by the CMS Office of the Actuary. We're finalizing a look-back period of 5 years, resulting in a final efficiency adjustment of –2.5% for CY 2026. We're also finalizing an updated list of HCPCS codes that will be exempt from the efficiency adjustment.

Going forward, we may give preference to empiric studies of time to incorporate into service valuation compared to survey data and solicit comment on the types of empiric data that we should consider. We expect that moving away from survey data will lead to more accurate valuation of services over time and help address some of the distortions that have historically occurred in the PFS.

This change to the indirect cost allocation methodology is intended to recognize the relative resources involved in providing services paid under the PFS in facility and non-facility settings, and we believe implementing this update will correct potential distortions in allocating indirect PE under our current methodology.

Using Outpatient Prospective Payment System Data for PFS Rate Setting

We're finalizing our proposal to use data from the Medicare Hospital Outpatient Prospective Payment System (OPPS) to set relative rates and inform our cost assumptions for some technical services paid under PFS.

For CY 2026, we're finalizing our proposal to use this data in setting rates for radiation treatment services and for some remote monitoring services. This approach promotes price transparency across settings, offers more predictable rate-setting outcomes, and limits the influence of limited survey data.

Skin Substitutes

For CY 2026, we're finalizing payment for skin substitute products as incident-to supplies when they're used as part of a covered application procedure paid under the PFS in the non-facility setting or under the Hospital OPPS in the hospital outpatient department setting.

We're also finalizing aligning skin substitute categorization consistent with their FDA regulatory status, such as 361 Human Cells, Tissues, and Cellular and Tissue-Based Products and the premarket approvals and 510(k)s device types.

We believe grouping and paying for skin substitute products based on relevant product characteristics, consistent with their FDA regulatory status, recognizes the clinical and resource differences in product types and would incentivize competition to create more innovative products while also resulting in significant savings to the Medicare Trust Fund.

For CY 2026, we're finalizing using a single payment rate reflecting the highest average for these 3 categories of skin substitute products to ensure we're not underestimating the resources involved with furnishing these services.

In future years, we intend to propose payment rates that differentiate among the 3 FDA regulatory categories. We're finalizing these policy changes in both the hospital outpatient department and physician office settings to remain consistent across different settings of care. We provide the finalized payment policy for skin substitutes in the hospital outpatient setting in the CY 2026 OPPS and Ambulatory Surgical Center proposed and final rule.

More Information

We issued CR 14315 to your MAC as the official instruction for this change. For more information, find your MAC's website.

Document History

Date of Change	Description
December 9, 2025	Initial article released.